

FORCIBLY DISPLACED

Toward a Development Approach Supporting Refugees, the Internally Displaced, and Their Hosts



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OVERVIEW



This booklet contains the overview, as well as front matter and a list of contents, from *Forcibly Displaced: Toward a Development Approach Supporting Refugees, the Internally Displaced, and Their Hosts,* doi: 10.1596/978-1-4648-0938-5. A PDF of the final, full-length book, once published, will be available at https://openknowledge.worldbank.org/ and print copies can be ordered at http://Amazon.com. Please use the final version of the book for citation, reproduction, and adaptation purposes.

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Foreword

Today 65 million people are reportedly displaced, including 21 million refugees, many of whom have been driven from their homes by a historic rise in conflict and violence. The burden of responding to this mass movement has largely been shouldered by a handful of countries and humanitarian groups confronting an emergency that could last a generation or more.

This global crisis requires new solutions to help refugees and people in countries torn apart by conflict. Humanitarian and development partners must work more closely together in complementary ways. Development organizations such as the World Bank Group can provide longer term support as well as innovative financing solutions to help both refugees and host communities.

This ground-breaking study, *Forcibly Displaced: Toward a Development Approach Supporting Refugees, the Internally Displaced, and Their Hosts,* recommends ways to help the forcibly displaced access jobs and opportunities. Produced in partnership with the United Nations High Commissioner for Refugees (UNHCR), the study outlines how we can build resilience while supporting inclusive and sustainable growth in host countries.

The report provides insight into the scope and scale of forced displacement. While the crisis affects countries of all income levels, the fact that 95 percent of the displaced live in the developing world underscores the need to align humanitarian actions with development efforts. While refugees often endure displacement for many years, half of today's refugees have been displaced for four years or less. If we focus our efforts early, development interventions could deliver even greater impacts for refugees and their communities.

The World Bank Group is already approaching our work in new ways to strengthen our response to fragility, conflict, and violence. We are developing methods to monitor risk and anticipate forced displacement to help countries prepare. We are helping host countries improve their business climate so that the private sector can drive more rapid economic growth. We are establishing longer-term development solutions, such as providing concessional finance to middle-income countries hosting refugees.

We hope this report will improve our collective understanding of the forced displacement crisis and inspire new thinking to address this critical challenge. The World Bank Group will continue to strengthen our engagement with the United Nations, other multilateral development banks, the private sector, and civil society to address the needs of the many millions of displaced people and their host communities.

Jim Yong Kim President World Bank Group

Foreword

More people are living longer, healthier lives than at any time in human history. Yet, hundreds of millions remain deeply impoverished and vulnerable. Furthermore, bad governance, violence, and conflict have driven an increasing number from their homes and even to flee their country to stay alive. And, far too often, once their plight fades from the world's media, they are left to lead a precarious existence, hosted predominantly by states and communities with limited resources. Their ensuing poverty condemns generations—mostly women and children—to a life on the margins, largely denied the benefits of global progress enjoyed by so many others.

Recent crises demonstrate dramatically how the spillover effects of civil war and conflict can impact dramatically on the peace, prosperity, and security of the immediate region and even far beyond. They also underline how rapidly global solidarity for the victims can erode. This timely study presents a comprehensive analysis of forced displacement that situates this pressing issue squarely on the development agenda. It makes a compelling case for combining humanitarian and development know-how and resources to achieve lasting so-cial and economic progress for the displaced persons of the world and the local host communities who are invariably the front line responders in every humanitarian disaster.

For the United Nations High Commissioner for Refugees (UNHCR), the search for durable solutions for refugees, internally displaced, and stateless persons remains as central to our mandate as emergency response. Enabling dignified and productive lives through development investment is key to this challenge. With the publication of this study by the World Bank Group, I am confident that its combination of analytical rigor and field-based knowledge of forced displacement can exercise significant influence on future policy and practice. Most importantly, working in a cooperative and complementary partnership as envisaged in the Secretary General's "Agenda for Humanity" report, humanitarian and development agencies can make a real difference in the lives of the world's poorest and most marginalized populations.

Filippo Grandi United Nations High Commissioner for Refugees

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Abbreviations

CFF	Concessional Financing Facility (of the World Bank Group)
CIF	Climate Investment Funds
ECOWAS	Economic Community of West African States
EU	European Union
FDI	foreign direct investment
GDP	gross domestic product
IASC	Inter-Agency Standing Committee (of the United Nations)
IDMC	Internal Displacement Monitoring Centre
IDP	internally displaced person
IFFIm	International Finance Facility for Immunization
ILO	International Labour Organization
IMF	International Monetary Fund
IOM	International Organization for Migration
JIPS	Joint IDP Profiling Service
MDB	multilateral development bank
MDTF	multi-donor trust fund
OAU	Organization of African Unity
ODA	official development assistance
OECD	Organisation for Economic Co-operation and Development
OECD-DAC	Organisation for Economic Co-operation and Development—Development Assistance Committee
SAR	special administrative region
UN	United Nations
UNHCR	United Nations High Commissioner for Refugees
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East

Overview

Forced displacement is emerging as an important development challenge. The reason: extreme poverty is now increasingly concentrated among vulnerable groups including people who had to flee in the face of conflict and violence, and their presence affects development prospects in the communities that are hosting them. Large movements of people are also fueling xenophobic reactions, even in high-income countries, and this could threaten the consensus that is underpinning global economic growth.

Development actors' overall objective is to help reduce poverty among both the forcibly displaced and their host communities, as part of a broader effort to achieve the United Nations' Sustainable Development Goals (SDGs). The focus is on tackling the medium-term socioeconomic dimensions of forced displacement. This is complementary to, but distinct from, the rightsbased protection agenda and the urgent focus on short-term crisis responses.

To support the forcibly displaced, development actors should help reduce—even eliminate—vulnerabilities. The forcibly displaced have often acquired vulnerabilities that are specific to them, such as catastrophic losses of assets or trauma. This affects their ability to seize economic opportunities, and it can trap them in poverty. Because such vulnerabilities set them apart from other poor people in the communities where they live, broad-based poverty reduction efforts may not suffice to relieve their plight and special interventions are needed.

To support host communities, development actors should help manage the shock caused by an inflow of forcibly displaced persons. The arrival of large numbers of people in specific locales creates both risks and opportunities. In most situations, it transforms the environment for designing and implementing poverty reduction programs. In some exceptional cases, it creates new dynamics for the entire country and national development strategies have to be adjusted accordingly. Development actors should help host communities manage these new circumstances so that they can continue to reduce poverty, while providing an accepting environment for the forcibly displaced.

A crisis that can be managed

About 65 million people live in forced displacement: almost 1 percent of the world's population.¹ The conflict in the Syrian Arab Republic and the ensuing flow of refugees toward the European Union have captured headlines across the world, but they are only part of a much broader story. For decades, large numbers of people have been forced to flee from their homes by conflict and violence, and most have been hosted in developing countries for prolonged periods. So the crisis of forced displacement is not new. What is new is the increasing scale and complexity of the crisis in a globalized world and the growing recognition that it is both a humanitarian and a development challenge.

The crisis entails a tremendous amount of suffering, yet it may still be within the range of what the international community can manage with adequate effort and effective collective action. It has two distinct components: refugees and asylum-seekers (about 24 million people)² who have crossed an international border; and internally displaced persons (IDPs, about 41 million people)³ who have been displaced by conflict and violence in their own country (figure 0.1 and map O.1). The differences between the two groups, especially their legal status, are significant. Yet, they often have endured similar hardships and they all need protection. Their experiences makes them distinct from economic migrants, who move in search of better opportunities, and from those displaced by natural disasters.

Adequate information is lacking to inform policy responses and programming decisions. Gaining an accurate picture of the forced displacement crisis is challenging due to political and technical issues that affect the availability and quality of data. Some of the numbers commonly used are no better than educated guesses, and there are major discrepancies across sources. For example, Eurostat estimated the number of refugees living in Norway in 2013 at 18,000 but the Norwegian Statistical Office had it at 132,000 due to differences in definitions.⁴ And IDP numbers are far more often based on estimates than on vital registrations (and where births are recorded, deaths in many cases are not).

A very substantial effort can enhance the coverage, accuracy, reliability, and comparability of data across situations. But this requires strengthening data collection and dissemination mechanisms at all levels. It requires moving to an "open data" system with due regard to privacy and protection. It requires carrying out detailed assessments in each specific situation. And it requires developing a shared platform to build evidence on what may be the most effective responses to the crisis.

Working together with humanitarian actors

Governments from both origin and host countries are at the center of the crisis. Their decisions affect the scale and destination of population movements—as well as the impacts and solutions in the short, medium, and long terms. External actors can support the adoption and implementation of sound responses, but the primary role rests with national and local authorities, private firms, and civil society.

Against this backdrop, humanitarian agencies have been calling for development institutions to support new approaches that can produce sustainable solutions. Development activities are part of a broader international effort that has many dimensions: political, security, humanitarian, and diplomatic. Each must be adequately resourced to deliver a comprehensive and effective response. Indeed, the engagement of development actors should be seen not as a substitute for other efforts but as an additional and complementary set of interventions.

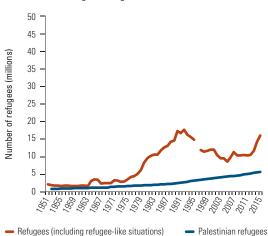
The best results are likely to be achieved when humanitarian and development actors work together. The humanitariandevelopment nexus has long been seen as sequential, with an initial humanitarian response followed by a development effort when the situation becomes protracted. In fact, rather than replace or succeed each other, both sets of actors can engage in complementary efforts for greater impact throughout the entire period of forced displacement. Humanitarian and development agencies have different objectives, counterparts, and instruments: this can be a source of strength. They can both contribute to a comprehensive effort from the onset, learn from each other, and build synergies based on their respective comparative advantages.

The development approach is centered on such concepts as economic opportunity,

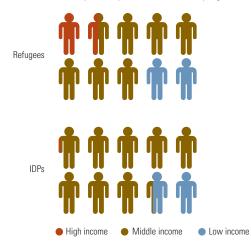
FIGURE 0.1 An overview of the forced displacement crisis



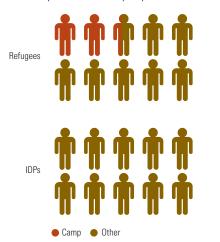
b. ... is paralleled by a rapid surge of internal displacement.



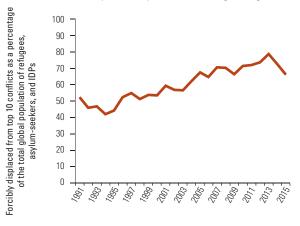
c. The crisis primarily affects the developing world...



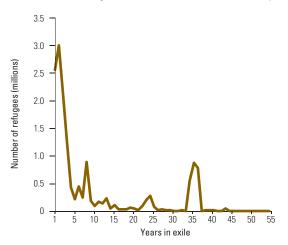
e. 94 percent of forcibly displaced live out of camps...



d. ...and has been mainly caused by the same 10 long-lasting conflicts.



f. ...and half of the refugees have been in exile for less than 4 years.



Sources: UNHCR 2016a; 2016b; UNRWA 2016; IDMC 2016, and Devictor and Do 2016. Note: IDP = internally displaced person.

MAP 0.1 An uneven impact across the world





medium-term sustainability, and cost-effectiveness. It sees the forcibly displaced and their hosts as economic agents who make choices and respond to incentives. It pays particular attention to institutions and policies. And it relies on partnerships with and between governments, the private sector, and civil society.

Development actors can provide financial resources with a medium-term perspective as well as a range of analytical and advisory services. They have access to economic policy makers, who are not traditional counterparts for humanitarian agencies. They can inform public debates and policy formulation, and help strengthen institutions. They can also develop innovative financing solutions to leverage a strong private sector response. But development actors may not be mandated or equipped to engage in some issues that are critical to the displacement agenda, especially in the political or legal arena. They also have limited capacity to deliver urgent assistance in environments with significant security risks.

To move forward, humanitarian and development actors should adopt a pragmatic approach and identify potential synergies in each situation—as part of a broader effort that also involves a wide range of government counterparts, the private sector, and civil society, as well as security and diplomatic actors.

The focus of engagement will necessarily change over time. At the onset of a crisis, before forced displacement has started in earnest, the question is whether there is scope for prevention and preparedness. During the crisis, support must be provided to those forcibly displaced as well as to their host communities. Over time external actors should help create conditions that enable the forcibly displaced to truly rebuild their lives.

At the onset—Taking a new look at prevention and preparedness

To mitigate the negative impact of forced displacement before it happens, efforts so

far have largely focused on conflict prevention. This is based on a simple truism: prevention is better than cure; since conflict causes forced displacement, preventing forced displacement calls for preventing or ending conflict. This is an important goal, but the track record of international interventions is mixed. In reality, many countries are at war—or at a high risk of war—with no clear political solution in sight. Can development actors do something to prevent some of the worst impacts of forced displacement even if there is no diplomatic or military settlement?

Forcibly displaced persons are not only victims, they are purposeful actors. They flee in response to threats, sometimes at gunpoint, often not. In the midst of conflict, they must choose whether to stay or to flee. These decisions are incredibly difficult, often made under duress and with imperfect information. With violence and poverty widespread, both staying and fleeing carry very high risks: people have to assess and compare the odds of survival under each scenario.

Understanding what makes some people stay and others go is critical to mitigating forced displacement. Security threats are the main reason to flee, outweighing all other factors: for example, 78 percent of Colombia's IDPs have been direct victims of violence.⁵ Some people or groups of people are particularly at risk as violence is often targeted. Yet economic concerns and social networks can also determine who stays, who leaves, and where people go. Those who have opportunities away from home, because of their skills or their social networks, are more likely to flee than those who have strong ties to their land or cannot sell their assets. Government policies are not neutral in the process: punitive military tactics, discrimination against certain groups, or the withdrawal of resources and services from parts of the country can all accelerate forced displacement.

In many situations, forced displacement does not happen unexpectedly. In fact, refugees and IDP flows can often be forecast: this is because people try to stay home and to manage risks for as long as they can and embark on a perilous journey into exile only once other means of coping have been exhausted. On average, outflows of forcibly displaced persons peak 4.1 years after they start.⁶ Today several countries are at war or on the brink but people have not yet fled their homes in large numbers: they are the likely hotspots for the coming years.

In any situation of forced displacement most people stay behind. At the end of 2015, more than 90 percent of the population was still in place in 80 percent of countries of origin. Only in Syria did the share of forcibly displaced exceed 25 percent of the population.⁷ Although international attention is focused on those who flee—refugees and IDPs—those who stay behind, in an environment of violence and economic depression, also face formidable odds. They suffer greatly, often with limited external assistance. Eventually they may lose the ability to withstand even minor shocks and may be pushed into exile because their resilience has been dramatically eroded.

With violence being the main driver of forced displacement, development actors necessarily have a limited role. But they can contribute to making a difference:

- Discourage government policies that induce forced displacement. This is especially relevant when forced displacement is the result of decisions taken by the government of the country of origin. Development actors can engage in a dialogue with the authorities to highlight the high costs of forced displacement and to support better policy choices. They can also support regional initiatives to better manage cross-border movements.
- Help host countries and host communities prepare. When displacement can be forecast, there is time to prepare for example with block grants that can be rapidly deployed to affected municipalities when the crisis hits. Authorities can be ready with a response that can be swiftly implemented when refugees or IDPs flow in. Development actors

should help develop advance warning systems—for example, by using big data technologies in partnership with the private sector—and support host governments in preparing contingency plans.

•

Strengthen the resilience of those who stay behind. Development actors can finance projects to maintain livelihoods and to strengthen communitybased institutions. They should focus on "stable parts of unstable countries" where they can complement humanitarian actions. They should also carefully manage the risks in such an approach, since those who are helped to stay could eventually become victims of violence. Interventions should not be seen as a substitute to providing asylum to those who flee.

During the crisis— Managing changes for host communities

Hosting large numbers of forcibly displaced persons creates new opportunities and new challenges, which affect the host communities' poverty reduction efforts, both positively and negatively. Support to host communities is often seen as an indirect way to assist refugees and IDPs, by helping to create an accepting or even a welcoming environment for forcibly displaced persons. But the development response should also aim to help reduce poverty among the hosts, as they adjust to a transformed context. This is an objective in its own right: host communities have development needs, and reducing their own poverty often remains among their foremost priorities.

For host communities, the influx of large numbers of forcibly displaced persons is essentially a demographic shock, which disrupts preexisting equilibria and creates mismatches in supply and demand in markets. With the passing of time, a new set of equilibria emerges. The question is whether this new environment is more or less conducive to poverty reduction among the hosts. The

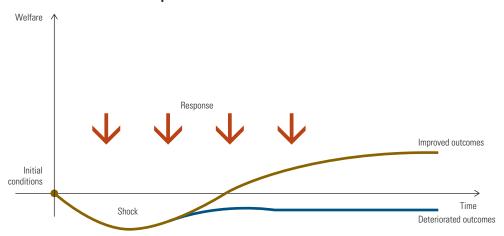


FIGURE 0.2 Shock and response for the host communities

answer depends on the initial conditions, the size and nature of the shock, and the policy and investment response. Development actors should assist national and local authorities in articulating the most effective responses for a given set of initial conditions and shock (figure O.2).

In a number of areas, the challenges for host communities already existed before the influx of forcibly displaced persons. Refugees and IDPs may provide convenient scapegoats for deep-rooted issues, but they are often not the main cause of all the difficulties facing host countries. For example, over the last 25 years, hosting refugees may have contributed to causing conflict in only 8 out of 991 country-year episodes—and in each case, the country was already on the brink prior to their arrival.⁸

The same is true for economic growth. The impact of refugees, who typically represent less than 1 percent of the population, is limited compared to structural constraints or oil price fluctuations. It can be more substantial where the refugees account for a larger share of the population as in Jordan and Lebanon, although government policies still largely determine the eventual outcome. While private investment is needed to make up for the increase in labor supply (and to avoid a decline in wages), most affected countries have a very poor business environment. Of the ten largest refugee-hosting countries in 2015, all but one are in the bottom half of the World Bank Group's Ease of Doing Business index.⁹ And among the ten countries with the largest number of IDPs, the average ranking stood at 148 out of 189.¹⁰

Local impacts are unevenly distributed: some people gain, others lose out, particularly on jobs and prices. There can be a perception that forcibly displaced persons compete with the poorest hosts and push them deeper into poverty. Yet the reality is more nuanced. Overall, and assuming that the investment climate is sound, the presence of refugees and IDPs typically increases demand and creates jobs, but it also adds newcomers to the labor force. Employers and people whose skills complement those of the forcibly displaced tend to gain; but people who have skills similar to those of the forcibly displaced may lose their jobs. Who is affected and how is a function of government policies-and of whether refugees have the right to work (in which case they can compete for skilled positions in the formal sector) or not (in which case they are relegated to low-skill, informal jobs).

Similarly, the impact of prices is unevenly distributed: prices of land and housing typically go up, and owners benefit to the detriment of renters. Prices of food and other basic commodities may decline if aid is provided in-kind, and consumers gain while local producers lose. Understanding how the costs and benefits are distributed within these communities is crucial to mitigating the impacts of forced displacement.

The local impact on social, urban, and environmental services can also be significant. The inflow of forcibly displaced persons increases demand, while supply may take time to adjust. This is especially the case when refugees and IDPs are accommodated in lagging regions or in poorer parts of urban centers, where service availability was already spotty before their arrival. The impacts are closely associated with settlement patterns: the more concentrated the displaced, the greater the strain on a limited capacity. Both investments and policy reforms are needed to mitigate such effects.

The impact of forced displacement on host communities also depends on policies. The concentration of forcibly displaced persons in camps or in specific hosting areas may heighten challenges for host communities (for example in terms of jobs, prices, services, or social cohesion). When refugees have the right to work, they can fully use their skills and contribute more to the economy (including fiscal resources). Policies that are traditionally seen as more humane and beneficial for forcibly displaced persons also serve the host communities' own interests: they are not only right, they are also smart.

Mitigating the impact of forced displacement on host communities is not a strictly technical agenda. Political considerations often drive the host authorities' response, and "second-best" options may well be the best approaches in some situations. To help host communities make further progress in their own development and poverty reduction efforts in a transformed environment, support should aim to:

 Address long-standing development issues, which the presence of forcibly displaced persons may exacerbate. This largely consists of "traditional" development support to host countries and communities, for example to improve the business environment or to reduce inequalities. It is particularly important for fragility, economic management, employment, and social cohesion.

- Support those who have been hurt within host communities. Some groups in host communities are disproportionately affected, especially through jobs and prices. Development actors should help these people stay in the labor market and maintain their livelihoods, or upgrade their skills. They should also help strengthen social protection systems to provide assistance to those who may not be able to do so.
- Strengthen and expand service delivery in the education and health sectors as well as for urban and environmental services. Accommodating forcibly displaced persons requires scaling up supply. Development actors should help build capacity and finance infrastructure and operations and maintenance expenditure in the short term. They should also help develop an adequate system that can be sustained in the medium term.
- Encourage granting the forcibly displaced the freedom of movement and the right to work. While often controversial, such policies are in the interest of host communities, regardless of their benefits for refugees and IDPs. Development actors should raise awareness of the positive impacts of these reforms and support their implementation. They should also help modernize the delivery of external assistance, so that it can better stimulate economic activity within host communities (for example, through cash rather than food aid) and increasingly rely on country systems.

During the crisis— Reducing vulnerabilities of the forcibly displaced

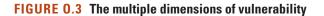
Development approaches are geared toward helping people escape poverty. The goal is no different for forcibly displaced persons. Whether they are fleeing conflict or are the targets of political violence, their lives are being turned upside down, and their hopes dashed. They are at risk of falling into a "poverty trap" with lasting impacts that can extend across several generations. Self-reliance is key to restoring their dignity, as well as their ability to earn a living.

Dedicated development interventions may be needed as forcibly displaced persons are often unable to take full advantage of existing opportunities for poverty reduction: the specific vulnerabilities they have acquired through their forced displacement experience make them less prone to socioeconomic inclusion and more exposed to risks (figure 0.3). They need assistance to regain the capacity to improve their lives. The challenge is particularly acute when people are "in limbo," with uncertain prospects long into the future. In such cases, the development approach should aim to strengthen their capacity to seize opportunities not only in their current environment, but also under the likely scenarios for an eventual resolution of their situation.

Forcibly displaced persons—both refugees and IDPs—have typically suffered a major setback. They have lost many of their assets, sometimes everything. Their human and social capital depletes rapidly. They have often experienced traumatic events, which can leave scars that are difficult to heal: in the Central African Republic, nearly half the displaced have had a direct experience of violence and more than a fourth have witnessed killings.¹¹ When the forcibly displaced do not have access to economic opportunities, they may have to adopt short-term coping strategies to survive—putting children to work, having daughters marry early, disposing of any remaining assets at fire-sale prices. The experience of loss and trauma distinguishes them from other poor people and from economic migrants in their host communities.

Women and girls face particular challenges—and opportunities. In some situations, displacement can provide space for "positive" change and empowerment, as when gender norms are more progressive than in the place of origin, or when traditional divisions of labor are disrupted. But women and girls also risk rape, sexual abuse, and other gender-based violence—before and during flight as well as in exile. Recent reports about the sexual exploitation of Syrian refugee women during their passage to Europe provide a powerful reminder of what is common across many situations.¹²

The initial setbacks can be compounded in the host environment. Forcibly displaced persons need economic opportunities to avoid falling into poverty or dependency. But





they can face severe legal restrictions on their right to work or to move freely. Both refugees and IDPs may also end up in areas where there simply are no jobs or opportunities for them, as in a lagging region or a place where there is no demand for their skills. Eighty-eight percent of refugees and 94 percent of IDPs live in economies performing below the global average, and in these countries, 72 percent live in regions where incomes are below the national average.¹³ In addition, because of the uncertainty surrounding them, forcibly displaced persons have short planning horizons that can lead to less than optimal decisions. All these factors severely constrain their prospects: they find themselves with limited options, even more limited than other poor people and economic migrants in the same communities.

To help forcibly displaced persons overcome their distinct vulnerabilities, development actors should help them access jobs and economic opportunities:

- Support policies that enhance freedom of movement and the right to work. This is especially important where refugees and IDPs are in unsustainable and undesirable situations. Development partners can document the potential benefits of such measures for both forcibly displaced persons and for their host communities—and support their adoption.
- Help create economic opportunities where there are large numbers of forcibly displaced persons. This requires a strong engagement by the private sector, possibly supported by external actors. It should also benefit host communities, with a focus on places where activities are likely to be sustainable once support programs are completed.
- Invest in skills and education that are in demand in the labor market. This can help adults adjust to their new environment and prevent children from becoming part of a "lost generation." Increasing access, relevance, and gual-

ity may require substantial external support.

• Provide continuing support to those who may not be able to seize opportunities in the short term, both in camps and in urban settings. This could build on lessons learned from development experience in reforming and modernizing social protection systems and on innovative schemes such as the "graduation approach."

Toward a longer-term solution—Helping to rebuild lives

Return is often regarded as the most obvious solution to forced displacement, but is it? In every situation some people return, others do not, and the proportions vary. Yet over the last six years, return accounted for only 27 percent of those who exited refugee status globally.¹⁴ Large majorities of forcibly displaced persons are reluctant to return to a place associated with war and trauma and where economic opportunities are lacking. In many situations, they develop more complex strategies, with family members moving to different places through an iterative process of staggered or even cyclical movements.

For development actors, the "end point" of engagement is not about where people live-it is about whether they still need dedicated development support. The rationale for providing such assistance dissipates when the forcibly displaced have overcome their vulnerabilities and can take full advantage of broader poverty reduction programs. This socioeconomic approach complements the traditional framework of rights and legal protection. It also acknowledges the importance of both economic rights and effective access to opportunities. And it recognizes that in some cases there may be tension between the two: people can have rights in a place where there is no opportunity for them, or they may have opportunities in a place where they have no rights. The challenge is to find a solution where they can enjoy both.

Against this backdrop, return is a complex process of reestablishing bonds in a transformed environment, rather than going back to a status guo ante. Large numbers of returnees do not go back to their place of origin but settle instead in other areas in their home country, especially in urban areas, due to a mix of security and economic concerns: this caused significant growth in cities such as Kabul in Afghanistan, Juba in South Sudan, Luanda in Angola, and Monrovia in Liberia.¹⁵ And not all returns have a happy ending: some returnees have to flee again, while others become IDPs in their own country. Of the 15 largest episodes of return, about one-third were followed by a new round of fighting within a couple of years: either the returns were premature, or the inflow of returnees derailed a fragile recovery.¹⁶

The challenge is thus to ensure that return is successful. Security, social acceptance, and access to economic opportunities are key. Refugees who can recover their land and property are often among the first to return, especially for rural households. The difficult process of socioeconomic reintegration is much easier for those who come back with resources, skills, and networks: for instance, among Liberian refugees in Ghana, those who were better off were keener to return-and more successful when doing so.¹⁷ Policies that enable refugees and IDPs to earn an income and to maintain or further develop their skills while in displacement contribute to an eventual successful and sustainable return.

Integration in the place of displacement is another option, but it is also complex. For IDPs, it is about settling into their new environment sustainably. For refugees, it requires securing a legal status that can provide predictable and reliable terms of stay, such as renewable residence and work permits. But this can be difficult: most host countries and communities are unwilling to accept, at least explicitly, the continuing presence of large numbers of refugees other than as "temporary" (even when in long-lasting situations). As a result, social and economic integration often proceeds "de facto," without a formal status. People may have access to economic opportunities, but they remain shrouded in uncertainty, with no legal protection and a risk of institutionalized discrimination. The extent to which this actually hampers socioeconomic progress varies across countries, but in the long term it is critical. Some innovative legal solutions have been developed, as in West Africa, which provide adequate economic rights short of naturalization.¹⁸

An equitable sharing of responsibilities is essential to resolve the current crisis, and high-income countries should do more in providing solutions. Their economies have greater capacity to absorb newcomers than those of developing host countries, and the potential benefits for economic growth are much larger. A few Organisation for Economic Co-operation and Development (OECD) countries have opened their doors, but most remain reluctant to assume their international responsibilities on a relevant scale. New approaches are also needed to help refugees integrate into society, as the effectiveness of existing programs is mixed. For example, it takes less than 10 years in the United States and more than 15 years in the European Union for refugees to reach the labor force participation of economic migrants.¹⁹ Successful economic integration hinges on human capital (including skills and language), security of legal status, and availability of opportunities, and the first few years in country have an outsized effect on later employment prospects.

To help the forcibly displaced rebuild their lives in a durable manner, development actors should:

Support returnees and the communities that receive them. The impact of return on receiving communities is in many respects similar to the impact of forced displacement on host communities: it is a shock that has to be managed. Receiving communities are likely to face considerable economic and social difficulties, which typically affect both the returnees and those who stayed throughout the conflict. Development actors should support the countries of return in their recovery efforts. They should also help create socioeconomic opportunities for the returnees and their communities, to the extent that these are economically viable and can be sustained.

- Help people who are "de facto" integrated acquire a satisfactory legal status. For example, providing formal legal migrant status to de facto integrated refugees may be a way to recognize the reality of their situation and the normality of human mobility. Such an approach distinguishes between citizenship (formal political membership and associated rights) and residency (economic and social integration). And it makes economic security a priority over political membership. Development actors should support countries willing to explore such solutions, including with financing.
- Work to end situations of "continuing limbo" where people remain dependent in camps for extended periods. Development actors should support efforts to transform camps into settlements. They should also work with other partners to enhance the way assistance is provided so as to gradually reduce dependency—for example, by strengthening targeting, supporting people in rejoining the labor force, and building capacity to allow for a gradual shift to country systems.
- Remain engaged over the medium term to help overcome lasting vulnerabilities. Forced displacement can leave scars that take decades, sometimes generations, to heal. Development support may be needed for very long periods. This would typically include assistance to overcome trauma or destitution, building on programs that have been developed for marginalized or excluded groups.

Making the most of development finance

Significant financing is necessary to respond to forced displacement crises. The international community provides generous support mainly through humanitarian programs: about US\$22 billion in 2015, or several hundreds of US\$ per displaced person per year. But there is a critical flaw in this model: forcibly displaced persons have to be sustained by the international community at such a high cost in large part because they are prevented from working. In a global context of slow economic growth and fiscal pressure, grants and highly concessional resources are limited in relation to increasing needs. Development actors should help work toward solutions that can be more cost-effective and sustainable.

There is scope for development actors to broaden the range of financing approaches to engage in forced displacement. This requires greater resource mobilization, better resource allocation (both volume and terms), and more innovative financing instruments. For middleincome host countries, access to concessional financing is critical, and loans need to be blended with grants to lower interest rates or extend repayment periods. Low-income countries need to have access to additional financing, over and above what they would be eligible to receive for their own population, to fund refugee-focused activities.

The challenge is not only mobilizing resources, but also deploying them most effectively. For example, financing should focus not only on investment but also on supporting the adoption of sound policies, as a complement to humanitarian aid, through policy or results-based financing. Public resources could also stimulate stronger private sector engagement—for example by reducing investment risks. This is critical to create economic opportunities for both the forcibly displaced and host communities.

The global costs of the forced displacement crisis are significant. Left without adequate socioeconomic support, the forcibly displaced face a future of hardship and marginalization, as do those who are negatively affected in host communities. This can fuel political and social instability in entire regions and affect the underpinnings of globalization. The engagement of development actors can help reduce the costs of the crisis, by advancing an agenda of prevention and preparedness; by helping host communities address long-standing development issues, scale up service delivery, and strengthen social protection; by supporting the forcibly displaced in their efforts to access jobs; and by contributing to durable solutions, where refugees and IDPs can enjoy both legal rights and economic opportunities.

The forced displacement crisis calls for a global response. Events in origin and host countries are intrinsically linked, and they may affect all parts of the world. A partial response limited to some issues or some

Notes

- 1. UNHCR 2015b.
- Calculations based on UNHCR 2016a, and UNRWA 2016.
- 3. IDMC 2016.
- 4. ECOSOC 2015.
- 5. Ibáñez and Moya 2016.
- 6. Authors' calculation based on UNHCR refugee data (end-2014). Outflow is calculated as the yearly change in stock of refugees from each origin country with more than 25,000 refugees during the time period of 1990–2014 (62 countries). The peak is calculated as the maximum outflow, the reference year as the first year when the outflow exceeds 25,000 people.
- 7. UNHCR 2016a.
- Authors' calculations. These cases were the destabilization of host countries (Côte d'Ivoire, Guinea, Sierra Leone) by Liberian refugees in the mid-1990s / early 2000s; the destabilization of Eastern Zaire in 1994, and the subsequent civil war in what became the Democratic Republic of Congo; the inflow of refugees from Darfur and the subsequent 2005 war in Chad; population movements between Burundi

countries will remain less than optimal. Nor is a series of individual initiatives or bilateral agreements likely to provide anything more than temporary relief or address the underlying issue of collective action. What is needed is a comprehensive response, driven by affected governments and stakeholders, and supported by the international community in line with the spirit and principles of international cooperation. Development actors have a significant role to play in this most humane of endeavors.

The World Bank Group is committed to such global response. It can contribute a range of services, from analytics to convening to financing. It is determined to work with governments, the private sector, and civil society, at local, national, and regional levels. It is an integral part of a broader partnership, which includes political, diplomatic, security, and humanitarian actors.

and Rwanda which preceded the 1993 and 1994 genocides; and the increase in civil strife in Northwest Pakistan which is hosting large numbers of Afghan refugees.

- 9. World Bank 2016.
- 10. World Bank 2016.
- 11. JIPS 2012.
- 12. New York Times 2016.
- Authors' calculations based on UNHCR refugee data (end-2014), IDMC IDP data (end-2014), and World Bank Group economic indicators.
- 14. UNHCR 2015a.
- 15. Harild, Christensen, and Zetter 2015; Omata 2013.
- Authors' calculation based on UNHCR refugee data (end-2014). Cases of return followed by renewed bout of conflict include Afghanistan (returns in 2001 to 2005); Iraq (returns in 2003 to 2005), Burundi (returns in 1996 to 1997); the Democratic Republic of Congo (returns in 1997 to 1998); Somalia (returns in 1993 to 1995).
- 17. Omata 2012.
- 18. Boulton 2009.
- 19. Eurostat 2008; Cortes 2004.

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he Syrian refugee crisis has galvanized long-standing development issues. Critical

